May 30, 2002, 12:44AM

Watson may get extra $33 million

Leaving early brings more cash

By FLOYD NORRIS
New York Times

The chairman and chief executive of Dynegy, whose departure was announced Tuesday, is leaving with a huge severance check -- about $33 million more than he would have made had the company allowed him to serve out the eight months remaining on his contract.

Chuck Watson guided Houston-based Dynegy from a tiny company into a member of the Fortune 500 and just six months ago appeared to have vaulted the company into the top ranks of American business by agreeing to acquire Enron Corp.

But that deal, which soon fell apart as Enron collapsed, ended up putting Dynegy under a microscope, and Watson's position weakened this year amid continued disclosures of questionable accounting practices and trading techniques in the energy industry. Dynegy faces an accounting investigation by the Securities and Exchange Commission, although the company said that had nothing to do with Watson's departure.

Dynegy declined to discuss Watson's severance package, but his employment contract was made public more than two years ago, and it provided for substantial payments if he was forced out. The term in the contract is "constructive termination," and it provides that he is owed what amounts to three years' compensation even though his contract had less than a year to run.

Moreover, the cash the contract calls for him to receive now includes the "projected value" of stock options he would have received had he stayed at Dynegy for three more years and the stock had risen for years to come. He will receive that value now without having to wait to see whether the stock really does rise. Including the expected value of his options, he has been making more than $11 million a year.

In addition, he is to receive compensation for what he would have earned during the next eight months, before his contract expired Feb. 1. While the board has some discretion in fixing that amount, it could be about $7 million, for a total value of $40 million.

For Watson, the money means that he may wind up doing better financially than he would have had he been able to keep his job for the next several years. And he certainly does better than he would have had Dynegy allowed him to finish out his contract.

Just why Dynegy's board decided to take that financial hit is not clear. But it appears the board felt that with investor confidence ebbing, it could not afford to have Watson in charge for the rest of this year.

RESOURCES

Resigned: Chuck Watson, head of Dynegy since company's founding in 1984 as Natural Gas Clearinghouse.

DYNEGY SNAPSHOT
Headquarters: 1000 Louisiana, Suite 5800
Type of company: Diversified energy
Employment: 6,139

• **A history of Dynegy**

From the Houston Chronicle's archives:

• **Nov. 10:** Dynegy to buy Enron
• **Nov. 11:** Dynegy a bright spot for Houston
• **Nov. 28:** Dynegy bails out of Enron purchase
• **Dec. 18** Dynegy announces restructuring to battle stock losses
• **April 26:** Probe of Dynegy revealed
• **May 19:** Watson opinion piece for

A Dynegy spokesman, Steve Stengel, declined to comment on Watson's severance. But another company spokesman acknowledged that the information would have to be disclosed at a later date.

The contract's severance benefits would not kick in if Watson had resigned on his own, but that does not appear to be the case.

In announcing Watson's departure on Tuesday, Otis Winter, the company's newly named lead director, said "the board and Chuck concluded" that Watson should leave.

He added that "it was the independent directors of Dynegy who made these decisions."

Watson's contract was signed in early 2000, just before Dynegy's merger with Illinova, the parent of Illinois Power, took effect on Feb. 1 of that year. The contract was for three years and has not been extended since then.

So it appears that the board could have allowed Watson to stay until his contract expired on Feb. 1 and thus avoided having to pay the $33 million in severance, plus three years of health insurance benefits, as called for in the contract.

But the board could not have simply kept Watson on the payroll while someone else performed his duties and guided the company in a new direction. The contract stated that there would be a constructive termination if "a significant diminution in your responsibilities, authority or scope of duties is effected by the Board of Directors," even if his title did not change.

The board could have avoided paying the severance had it fired Watson for cause, but it appears to have avoided that. Winter was careful to say that his departure had nothing to do with pending investigations of the company's accounting practices. Instead, he said, there was "a conclusion that a new management focus was needed."

The year 2000, when Watson signed his contract, will remain as the time Dynegy shined the brightest and he did the best financially.

In 2000, in transactions related to the closing of the Illinova merger, Watson sold part of his stake in Dynegy for $227.8 million. A few months later, in April and May of 2000, he took in another $19.2 million, selling shares at an average price of $29.74 a share, adjusted for a subsequent split.

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Peter Erlinder: Patriot Act's supposed justification is gone

Peter Erlinder

05/22/2002

The storm of questions and criticism following revelations that the Bush administration had numerous warnings of an impending hijacking before the Sept. 11 tragedy have focused primarily on the Nixon-era mantra, "What did he know, and when did he know it?" But even if a congressional investigation agrees with Bush administration protestations that the warnings weren't specific enough to know what to do, administration policy *after* Sept. 11 is going to require some explaining, too.

The "lack of specific warnings" defense may justify a lack of action before the airliners hit the World Trade Center, but it can't explain away the lies that were told to Congress and the American people after Sept. 11 to justify the administration's war on civil liberties. The administration has been cynically using its own failure to act on intelligence developed under then-existing laws to justify vastly increasing its own power at the expense of civil freedoms.

Within a month of Sept. 11, Attorney General John Ashcroft packaged an old FBI wish list as the USA Patriot Act and demanded Congress pass it without discussion, because of the threat of yet another "Pearl Harbor-like attack." He told us the administration needed new "tools" to prevent unexpected terrorist attacks -- new wiretap authority; secret searches; the use of secret evidence; secret immigration hearings; taping lawyers' conversations; locking up "undesirables" on his command, and other measures.

No less an expert than Supreme Court Justice Sandra Day O'Connor told us that concerns about civil liberties and abuse of power had to be shelved because of the "unexpected" new threat. Members of Congress have been accused of being the next thing to traitors for questioning administration policy and have even been forcibly expelled from Ashcroft's secret immigration hearings. Thousands have been locked up and deported, though no terrorists have been found, and our allies object to our holding of prisoners in violation of international law.

By presidential decree, the press has been cut off from normal access to government information. Local law enforcement is being deputized for federal immigration duty and Ashcroft is indicting lawyers who represent alleged terrorists a bit too independently. Even at the state level, in places like Minnesota, local law enforcement has gotten on the bandwagon with state "antiterrorism" bills that ape the Ashcroft proposals.

All of this has been justified in the name of preventing another "surprise attack." The administration, however, had the right "tools" in place before Sept. 11. Those tools would have proved effective, *if* the administration had known how to use them.

Now we know that we were all deceived. Recent revelations about the Sept. 11 tragedy prove that existing investigative powers were effective. The Bush administration used its own failure to act on the warnings it had received to justify grabbing even more power, at the expense of our civil liberties, by deceiving Congress and the American people.

The USA Patriot Act became law in less than a month, without any hearings. Now that we know it was passed under false pretenses, Congress should repeal it just as quickly. And the Bush administration should rescind the policies that diminish our civil liberties, until we can get an honest assessment of what went wrong in the months before Sept. 11.

-- Peter Erlinder, a professor at William Mitchell Law School, is a past president of the National Lawyers Guild.

Press freedom being tested by Bush Administration's anti-terrorist policy

23.05.2002

As President George W. Bush began his visit to Europe, Reporters Without Borders notes the limitations on press freedom imposed by the US government since the attacks of last 11 September.

As President George W. Bush began his visit to Europe (including France on 26-27 May), Reporters Without Borders notes the limitations on press freedom imposed by the US government since the attacks of last 11 September , such as undermining the confidentiality of Internet messages and restrictions on access to the military base at Guantanamo and to military operations in Afghanistan. In this country, medias were bombed and at least five journalists and media assistants were beaten or threatened with death by US soldiers or their Afghan allies.

In United-States, the foiling of a government plan to use disinformation and the outcry at President Bush's decision to no longer pass on certain confidential material to Congress for fear of leaks to the media show the robustness of democratic traditions beyond the understandable emotion aroused by the 11 September attacks.

Since the United States boasts of being the land of human rights, these steps are exploited by dictatorships. The Chinese authorities now call the separatists in the western province of Xinjiang "terrorists" to justify repression and shutting down publications. Respect for human rights has been downgraded in the foreign policy of the world's great power. The United States is thus less concerned by abuses in Chechnya since Russia declared itself on the US side in the fight against terrorism. When he was received by President Vladimir Putin, the secretary-general of NATO borrowed the the official Russian parlance and spoke of "the plague of terrorism in Chechnya."

Confidentiality of Internet material in danger

Only a few hours after the 11 September attacks on the World Trade Center in New York, FBI agents went to the offices of Internet service providers AOL, Earthlink and Hotmail to install their Carnivore programme on the servers to monitor the e-mail of all their customers in the hope of finding traces of the attackers on the Internet.

This Internet monitoring was formalised on 24 October when the US House of Representatives passed the so-called Patriot Act, allowing the FBI to install Carnivore on any Internet service provider to monitor all e-mail messages and keep track of the web-surfing of people suspected of having contacts with a foreign power. To do this, the only permission needed is from a special legal entity whose activities are secret. The measures also eased the rules about phone-tapping. As well as the invasion of individual privacy, the confidentiality of journalists' sources is threatened by this blank cheque given to the FBI.

Encryption technology, which allows Internet users to code their messages to keep them private, is under attack from the FBI's Magic Lantern programme, a virus that can be sent to targets by e-mail without their knowledge and which records their keystrokes and thus the key to the encryption codes. After the press reported this, the FBI denied it had such a device, but admitted it was working on one.

War in Afghanistan : news under tight surveillance

From the first day of the US military's Operation Enduring Freedom, in Afghanistan on 7 October 2001, the Pentagon tried to control the filming of the war by signing an exclusive contract with the firm Space Imaging, preventing the company from "selling, distributing, sharing or providing" pictures taken by the Ikonos civilian satellite to the media, which were thus deprived of pictures of the results of the US bombings taken by this satellite. Ikonos is the most

efficient of the civilian satellites.

A dozen media organisations covering the military operations were several times prevented from doing their work by US Special Forces troops and at least five journalists and media assistants were beaten or threatened with death by US soldiers or their Afghan allies. On 10 April this year, Ebadullah Ebadi, translator and assistant for the US daily The Boston Globe, was badly beaten by Afghan troops fighting with the US Special Forces, as the American soldiers watched. The Washington Post said that compared with recent wars, Rumsfeld's Pentagon has imposed greater restrictions on journalists' access to military operations and senior officers.

Restrictions were also decreed at the government-controlled radio Voice of America. The head of the station, Bob Reilly, asked editors to comply with the terms of a law adopted by Congress forbidding the radio to broadcast interviews with "any official of nations that sponsor terrorism or any representative or member of terrorist organisations."

The foreign media were not spared either. On 12 November, US troops bombed and seriously damaged the Kabul offices of the Qatari TV station Al-Jazeera. In February this year, the Pentagon refused to open an enquiry into the bombing, saying the building was suspected of harbouring Al-Qaeda militants and was therefore a military target. No apology was made to Al-Jazeera, which is frequently accused by the US government of giving too much air time to Osama Bin Laden and "encouraging anti-American feeling" in the Middle East. In October, US forces also bombed the installations of the taliban controlled media, Radio Shariat, and the state television (banned since 1996).

Difficult access to Guantanamo

Journalists from CNN, CBS, The Army Times and others were given permission on 11 January this year to photograph and film in Kabul the departure of about 20 prisoners being flown to the US naval base at Guantanamo, in Cuba. After the prisoners were flown out, the journalists were told they could not use their pictures. A Pentagon spokesman said they violated international agreements because they were "degrading" for the prisoners. Several media ignored the order.

A few months later, the Pentagon cited security concerns when it banned the media from covering the transfer of prisoners from Camp X-Ray to Camp Delta, both at the Guantanamo base. On 26 April, an army spokesman said that "we won't comment on the transfer of prisoners until it's over." Until then, the media had had some access to report on the building of Camp Delta.

The temptation to manipulate the media

The Bush Administration has several times tried to curb or control the flow of news. This anti-freedom temptation met resistance, which showed the country's solid democratic traditions.

On 5 October last year, President Bush, citing national security needs, instructed senior members of his government to stop sending certain confidential material to members of Congress for fear it would be leaked to the media. A few days earlier, the Washington Post had run a story saying members of Congress had been told a new terrorist attack on the United States was very likely. The president soon withdrew in the face of strong protests by members of Congress.

On 19 February, the New York Times reported that the Defense Department's Office of Strategic Influence (OSI) had proposed planting disinformation in the foreign media. At that time, the government feared the war against terrorism would be seen by foreigners as a war against Islam. The outcry set off by these revelations led White House spokesman Ari Fleischer to say President Bush knew nothing about the OSI project and had ordered the OSI closed down because, according to defense secretary Donald Rumsfeld, "the Pentagon does not lie to the American people" or to "foreign audiences."

Setting a bad example

Some authoritarian countries, such as Tunisia, have rallied to the anti-terrorist cause as a way to crack down on critical media by accusing them of siding with terrorists. In China, the communist regime has stepped up its repression of unauthorized publications in the Xinjiang region, where the majority of people are Uigurs, and where Islamic separatists have become "terrorists" funded by Osama bin Laden. Chinese authorities in this region have seized and destroyed many books and other publications. A local communist party official openly admitted that "the anti-terrorist campaign around the world since September 11 has helped the Chinese government increase repression of the Muslim minority" in the province.

When he visited Russia last November, NATO secretary-general Lord Robertson told his Russian host, who had just sided with the United States in the fight against terrorism, "we certainly see the plague of terrorism in Chechnya with different eyes now." The remark was typical of the way human rights have been shunted into the background of American foreign policy. The comment also pleased the Russian army, which is trying to wage a secret war in Chechnya and is strictly controlling media access to the region.

Recommendations

Reporters Without Borders calls on US President George W. Bush to :

- respect the confidentiality of information circulating on the Internet, notably by ordering the FBI not to use spyware such as "Carnivore" and "Magic Lantern" without rigorous legal controls.
- respect the free movement of journalists in Afghanistan and at Guantanamo, in accordance with Article 19 of the International Covenant on Civil and Political Rights that has been ratified by the United States.
- ensure that respect for human rights is once more at the heart of US foreign policy.

Reporters Without Borders calls on the German, French and Italian heads of state to support these recommendations and defend them when they meet their American counterpart.

Reporters Without Borders defends imprisoned journalists and press freedom throughout the world, as well as the right to inform the public and to be informed, in accordance with Article 19 of the Universal Declaration of Human Rights. Reporters Without borders has nine national sections (in Austria, Belgium, France, Germany, Italy, Spain, Sweden, Switzerland, and the United Kingdom), representatives in Abidjan, Bangkok, Buenos Aires, Istanbul, Montreal, Moscow, New York, Tokyo and Washington and more than a hundred correspondents worldwide.

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Teacher, 14-year-old face charges of cocaine party

Published in the Asbury Park Press 5/29/02

By NANCY SHIELDS
COASTAL MONMOUTH BUREAU

OCEAN TOWNSHIP -- A Long Branch High School English teacher and a 14-year-old student were hospitalized and will face cocaine charges after an impromptu weekend party that was attended by other juveniles at the teacher's Appleby Drive home, police said.

The teacher, Lisandra Zingaro, was released from Jersey Shore Medical Center, Neptune, last night and issued a summons accusing her of possession of cocaine. She will face a hearing in Municipal Court on Monday and has been suspended from her job, according to authorities.

The boy, whose name is being withheld by police because of his age, will face charges in Family Court of cocaine possession, distribution and intent to distribute cocaine, said police Detective Lt. Antonio Amodio.

It was not clear whether the boy remained hospitalized last night. Both Amodio and a hospital spokesman declined to say.

Police went to the Zingaro home about 1 p.m. Saturday after someone called 911 and reported that someone had attempted to commit suicide by overdosing on a prescription drug, Amodio said.

He said that police determined there had been no attempted suicide but that the boy had written a note contemplating suicide.

Both the teacher and student used cocaine, which the boy supplied, Amodio said. He said the teacher, but not the boy, also is believed to have ingested prescription pills.

Monmouth County Prosecutor John Kaye said he believes the boy got the cocaine from a supplier who is linked to one of the people at the party.

Authorities last night were still trying to piece together what had happened. Police said the teacher had brought the 14-year-old from Long Branch to her home. Zingaro, 31, is married, but her husband was not home Friday or Saturday. She has two children, 13 and 12, Amodio said. Kaye said at least one of them was home during the entire party, and the other was there briefly.

Other minors were present. Not all of those have been identified but authorities still are questioning people, and more arrests are possible.

Amodio said cocaine and alcohol was used at the party, which stretched into early Saturday morning.

Yesterday, there were no cars in the driveway of Zingaro's ranch house, and no one answered the door.

Some neighbors said they know Zingaro is a teacher but knew little else about her.

Near the Zingaro home, children played in the neighborhood streets, and some adults did chores outside. Some residents said they had seen police cars in front of the house Saturday and had heard what sounded like a party there Friday night.

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One neighbor, who declined to be identified, said she had called the police about a prior party at the house where loud rap music was played.

When Zingaro went to the hospital Saturday, a neighbor volunteered to care for her children, said Kaye.

Authorities weren't sure where Zingaro's children would be today. The state Division of Youth and Family Services is investigating and might dictate where the children can stay.

Zingaro's suspension could be the forerunner of dismissal, said Long Branch Schools Superintendent Joseph Ferraina.

"If there is any truth to this story, she will be terminated, and we will make sure she does not have a teaching certificate," Ferraina said. "We believe children are in school with a second parent, and our teachers must meet the highest standard when they deal with children."

Zingaro began teaching at the high school in 1999 and as of October 2000 was making $33,640, according to state Department of Education records.

According to county tax records, Zingaro bought her home on Appleby Drive in June 2002 with James B. Zingaro.

Staff writers Tracy Robinson and Gary Deckelnick contributed to this story.

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Click here for the original article.

BUSH'S GENERAL EDUCATION

DER SPIEGEL

Do you have blacks in Brazil?

It is said, that, before September 11, George W. Bush thought the Taliban were a Bavarian brass band. Now, thanks to his comprehensive knowledge, the most powerful man in the world has got into hot water again.

AP

Rice helped Bush from the leave in the lurch

Washington - It was Condoleezza Rice, national security advisor, who helped her boss out of the embarassing situation. During a conversation between the two presidents, George W. Bush, 55, (USA) and Fernando Henrique Cardoso, 71, (Brazil), Bush bewildered his colleague with the question "Do you have blacks, too?"

Rice, 47, noicing how astonished the Brazilian was, saved the day by telling Bush "Mr. President, Brazil probably has more blacks than the USA. Some say it's the Country with the most blacks outside Africa." Later, the Brazilian president Cardoso said: regarding Latin America, Bush was still in his "learning phase".

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